

Hexatronic Group AB (publ)

Interim Report January – March 2020



Key ratio for the quarter

MSEK	2020 Q1	2019 Q1	Δ%
Net sales	437.3	421.1	4%
EBITA	22.2	21.2	5%
EBITA margin	5.1%	5.0%	
Operating result (EBIT)	15.3	14.4	6%
Net earnings	8.9	5.2	71%
Earnings per share after dilution, SEK	0.24	0.14	71%
Cash flow from operating activities	55.7	30.8	81%
Liquid assets	97.0	73.3	32%

Events during the quarter

- Emtelle UK Ltd. and Hexatronic entered into a global settlement agreement, ending their patent litigation in the UK.
- Emtelle licensed Hexatronic under its patents on air blown fiber bundles. Hexatronic can continue to make and sell its air blown fiber products in all markets worldwide.

Events since the end of the period

- Based on the very uncertain situation in the world, the Board decided to withdraw the previously announced dividend proposal.
- During the first quarter, Hexatronic had a minor negative impact as a result of Covid-19 and expects continued slightly lower activity in the second quarter.
- Hexatronic won submarine cable orders totalling MSEK 40.

COMMENTS FROM THE CEO

Continued strong international growth

Growth on our strategic growth markets remained strong during the first quarter. In North America we grew organically by 17 percent, which means that three years after establishing an operation there, sales are almost on a par with sales in Sweden. Growth on our other strategic growth markets, the UK and Germany, amounted to 16 percent.

Following a weak start, sales on the Swedish market recovered well in the latter part of the quarter. Our prediction remains that Sweden will be on a par with last year, providing the impact of Covid-19 does not increase from its present status.

Altogether, organic sales growth during the quarter totalled 4 percent, and growth in EBITA 5 percent. We judge that sales have dropped by approximately 5 percent as a result of Covid-19, primarily related to delivery problems from subcontractors in China.

The order book has developed strongly, and we entered the second quarter with an order book that is 35 percent higher organically than at the same point last year. In submarine cables, we have recently won several contracts worth MSEK 40 in total. Pleasingly, several of these projects are for new customers. On the German market, where we are still a small player, we have won several minor FTTH contracts, and have signed a five-year, MSEK 40 general agreement with a large regional operator.

In the latter part of the quarter, a slight negative effect from Covid-19 was apparent on several markets. Although our operation is categorised as critical on several markets, uncertainty remains high and there is a risk of greater adverse impact. Customers are reacting in different ways, from

postponing new projects to continuing as before. With the information we have at present, we are planning for slightly lower activity during the second quarter. Another effect of Covid-19 is that our new duct factory in Texas has been delayed by just over a month and is now expected to be up and running in early May.

Under the uncertain circumstances, we have prioritised a strong balance sheet. This means for instance that the Board has withdrawn its dividend proposal for the year, and we have also decided to postpone certain investments to a later date. Our financial position is strong and has grown stronger during the quarter. We have higher margins both in terms of available funds and the covenants we have in place with our bank.

Looking beyond Covid-19 our anticipated outlook remains very positive, with strong developments on our strategic growth markets. There is a huge need to expand the fiber optic communication systems. The importance of fast, reliable internet connections is coming to the fore in these times of working from home, video meetings and online schooling. In the longer term, we believe that experiences from Covid-19 will have a positive impact on investment in communication networks.

Thank you for joining us on this journey.

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



Net sales and earnings

The Group's net sales for the first quarter of 2020 increased 4 percent to MSEK 437.3 (421.1) as a result of organic growth. The increase was 2 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Q1 2020		Q1 2019	
		(%)		(%)
Year-earlier quarter	421.1	-	339.2	-
Organic growth	8.3	2%	5.3	2%
Acquisitions and structural changes	-	-	63.1	19%
Exchange-rate effects	8.0	2%	13.5	4%
Current quarter	437.3	4%	421.1	24%

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)	Q1 2020	Allocation (%)	Growth (%)
Sweden	118.3	27%	-7%
Rest of Europe	151.2	35%	16%
North America	106.3	24%	17%
Rest of the world	61.6	14%	-16%
Total	437.3	100%	4%

EBITA rose 5 percent to MSEK 22.2 (21.2) in the quarter. The EBITA margin amounted to 5.1 percent (5.0).

Net financial items during the quarter amounted to -2.7 MSEK (-4.8), whereof net interest amounted to -2.4 MSEK (-3.0), unrealised foreign exchange differences to 0.1 MSEK (-1.5) and other financial items to -0.4 MSEK (-0.3).

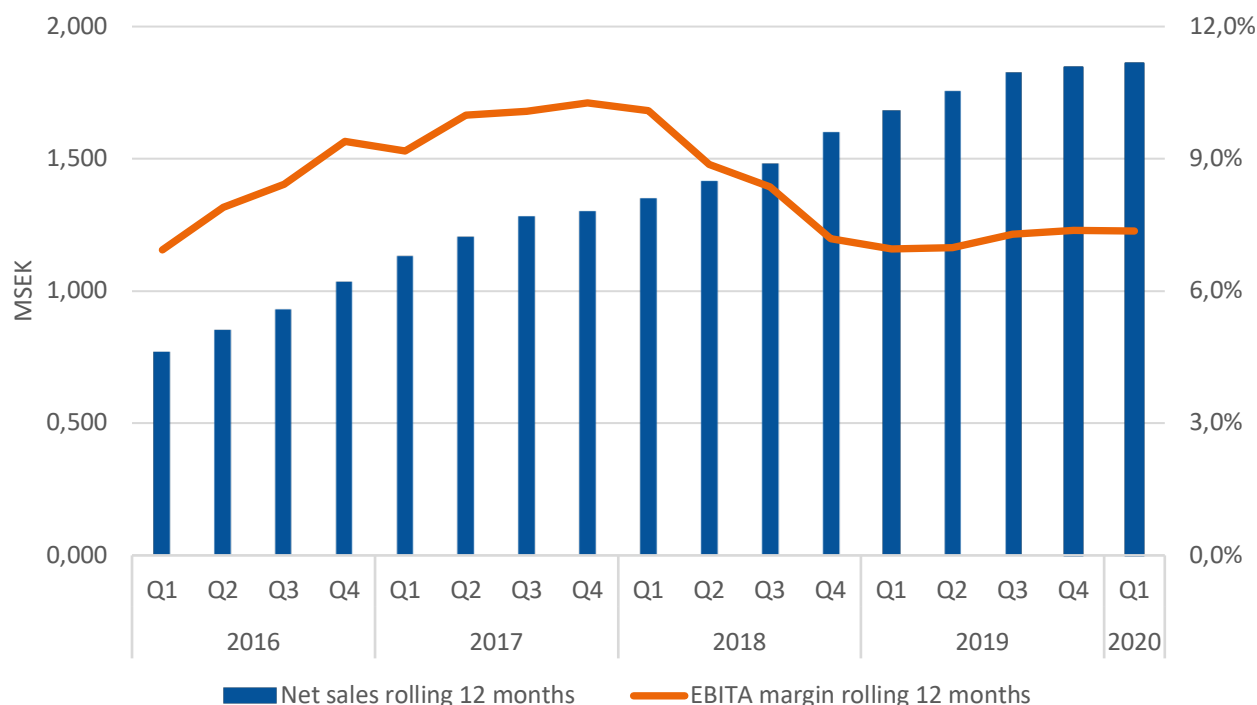
Net earnings for the quarter amounted to MSEK 8.9 (5.2) and earnings per share after dilution, increased by 71 percent and amounted to SEK 0.24 SEK (0.14). tax for the period was MSEK 3.7 (4.4) which means the average effective tax rate for the Group was 29.5 percent (45.9).

Cash flow and investments

Cash flow from operating activities in the quarter amounted to MSEK 55.7 (30.8), including a change in working capital of MSEK -4.8 (-14.3).

Investments during the quarter amounted to MSEK 41.7 (14.3), of which MSEK 28.0 refers to an investment in a new production facility in the US.

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



Liquidity and financial position

The Group's net debt

Net debt totalled MSEK 310.5 at the end of the reporting period compared to MSEK 318.9 as per 31 December 2019.

Available funds

Available funds on 31 March 2020, including unutilised overdraft facilities, amounted to MSEK 208.0 (171.8).

Equity

Equity amounted to MSEK 636.4 on 31 March 2020 (574.4), which equated to SEK 16.97 per outstanding share before dilution at the end of the reporting period.

The Group's financial goals

9 percent EBITA margin

Earnings before amortisation of intangible assets (EBITA) should be at least 9 percent on a rolling 12-month basis. The EBITA margin on a rolling 12-month basis on 31 March 2020 was 7.4 percent (7.0).

20 percent 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 4 percent. Growth on a rolling 12-month basis was 11 percent (25).

Customers

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

Employees

There were 609 (576) employees in the Group on 31 March 2020.

Parent Company

The Parent Company's main business consists of performing Group-wide services. Revenue for the quarter amounted to MSEK 4.3 (4.7) and the result for the quarter was MSEK -8.9 (-10.4).

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	37,508,930	37,508,930	99.0%	99.9%
Class C share, 1/10 vote per share	360,000	36,000	1.0%	0.1%
Total number of shares before repurchases	37,868,930	37,544,930	100%	100%
Repurchased class C shares	-360,000		1.0%	0.1%
Total number of shares after repurchases	37,508,930			

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 2018/2021	578,000	578,000	1.5%	82.20	15 May - 15 Jun 2021
Warrant programme 2019/2022	357,500	357,500	0.9%	66.73	15 May - 15 Jun 2022
Total	935,500	935,500			

In addition to above warrant programmes, a decision was made in 2019 to introduce a long-term, performance-based incentive plan (LTIP 2019) for 11 senior executives in the Group who are resident in Sweden. At the time of this report, the participants have invested in a total of 48,640 savings shares.

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, 2020 and 2021 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 1,527. The number of shareholders at period end, 8,129, is based on data from Euroclear.

The shareholder structure of Hexatronic Group AB (publ) on 31 March 2020 is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
Accendo Capital	3,756,012	10.0%
Handelsbanken Funds	3,521,000	9.4%
Jonas Nordlund, privately and corporately	3,000,000	8.0%
Länsförsäkringar Funds	1,931,277	5.1%
Martin Åberg and Erik Selin via Chirp AB	1,785,872	4.8%
Swedbank Robur, West Fund	1,359,722	3.6%
AMF Insurance & Funds	1,321,279	3.5%
Fondita Nordic Micro Cap	1,162,795	3.1%
Avanza Pension - Insurance Company	933,281	2.5%
Göran Nordlund, privately and corporately	875,364	2.3%
Other shareholders	17,862,328	47.6%
Total outstanding shares	37,508,930	100.0%

Sustainability

Together with our employees, customers and suppliers, Hexatronic wants to contribute to a more sustainable society. The Hexatronic Group focuses on the following nine sustainability areas: high business ethics, sustainable supply chain, stable profitability, low climate impact, environmentally sound products, high resource efficiency, diversity and gender equality, good working environment, health and safety and social involvement.

In 2019, Hexatronic Group was ranked among the top 5 percent of the stock exchange's most sustainable companies linked to anti-corruption and the top 25 percent linked to Agenda 2030. In 2019, we became a supporting member of the Swedish Anti-Corruption Institute and a member of the Global Compact.

In 2020, special focus will be on developing and improving the Group in the areas of low climate impact, sustainable supply chain and diversity and gender equality. In addition, a sustainability roadmap 2030 will be drawn up.

For more information about what Hexatronic has done and what is planned within the Group's sustainability work, please see Hexatronic's Annual Report 2019 on pages 24-37 and the website <https://hexatronicgroup.com/en/sustainability/>.

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 increased need for connection, from altered behaviours such as increased work from home, 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 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. Market Panorama, an annual report by FTTH Council Europe conducted, shows that growth in subscribers between September 2018 and September 2019 was 5 percent in the Nordic countries, 40 percent in the UK and 42 percent in Germany. The 2017-2018 growth was 42 percent in New Zealand and 21 percent in North America.

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, the UK, Germany, China, USA and New Zealand.

All amounts are in thousands of Swedish kronor (SEK thousand) 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 4.7 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.

A more detailed description of the Group's risks and risk management is provided in the Hexatronic Group Annual Report for 2019 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 2019.

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 29 April 2020 at 08:00 CET.

Financial calendar

Interim Report April-June 2020: 14 August 2020

Interim Report July-September 2020: 5 November 2020

Year-End Report 2020: 24 February 2021

Annual General Meeting

The AGM will be held on 7 May 2020.

Please direct any questions to:

- Henrik Larsson Lyon, President and CEO, + 46 (0)70-650 34 00
- Lennart Sparud, CFO, + 46 (0)70-558 66 04

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, 29 April 2020

Anders Persson
Chairman

Erik Selin
Board member

Jaakko Kivinen
Board member

Malin Frenning
Board member

Malin Persson
Board member

Mats Otterstedt
Board member

Henrik Larsson Lyon
President and CEO

Consolidated income statement

(SEK thousand)	2020	2019	2019
	Q1	Q1	Full year
<u>Revenue</u>			
Net sales	437,331	421,087	1,842,266
Other operating income	1,951	1,223	14,043
	439,282	422,310	1,856,310
<u>Operating expenses</u>			
Raw materials and goods for resale	-243,141	-233,603	-1,022,632
Other external costs	-59,861	-58,336	-266,716
Personnel costs	-98,827	-93,169	-368,880
Other operating expenses	0	0	-1,294
Depreciation of tangible assets	-15,242	-15,961	-60,876
Earnings before amortisation of intangible assets (EBITA)	22,212	21,241	135,911
Amortisation of intangible assets	-6,938	-6,837	-29,501
Operating result (EBIT)	15,274	14,404	106,410
<u>Result from financial items</u>			
Financial income	117	41	285
Financial expenses	-2,795	-4,861	-15,664
Resultat after financial items	12,596	9,584	91,031
Income taxes	-3,720	-4,403	-23,965
Net result for the period	8,876	5,181	67,066
Attributable to:			
Parent Company shareholders	8,876	5,181	67,066
Earnings per share			
Earnings per share before dilution (SEK)	0.24	0.14	1.81
Earnings per share after dilution (SEK)	0.24	0.14	1.80
Consolidated statement of comprehensive income			
	2020	2019	2019
	Q1	Q1	Helår
Result for the period	8,876	5,181	67,066
Items which can later be recovered in the income statement			
Translation differences	35,325	16,461	12,025
Other comprehensive income for the period	35,325	16,461	12,025
Comprehensive income for the period	44,201	21,642	79,091
Attributable to:			
Parent Company shareholders	44,201	21,642	79,091

Consolidated balance sheet

(SEK thousand)			
Assets		31/3/2020	31/3/2019
			31/12/2019
<u>Non-current assets</u>			
Intangible assets		451,170	455,452
Tangible assets		404,495	321,187
Financial assets		1,655	1,604
Total non-current assets		857,320	778,243
Current assets			
Inventories		335,560	379,672
Accounts receivable		292,519	278,928
Other receivables		7,628	2,627
Prepaid expenses and accrued income		30,175	29,401
Liquid assets		97,004	73,281
Total current assets		762,885	763,909
TOTAL ASSETS		1,620,206	1,542,152
Equity		636,421	529,261
			574,400
<u>Non-current liabilities</u>			
Liabilities to credit institutions		306,323	354,666
Deferred tax		58,392	57,085
Non-current lease liabilities		139,444	144,367
Total non-current liabilities		504,159	556,118
<u>Current liabilities</u>			
Liabilities to credit institutions		57,000	56,923
Current lease liabilities		35,452	30,829
Overdraft facilities		44,213	0
Accounts payable		198,141	221,422
Provisions		3,000	3,000
Current tax liabilities		16,688	7,585
Other liabilities		49,037	72,454
Accrued expenses and deferred income		76,095	64,560
Total current liabilities		479,626	456,773
TOTAL EQUITY, PROVISIONS AND LIABILITIES		1,620,206	1,542,152
			1,497,856

Consolidated statement of changes in equity

	Share capital	Other capital contributions	Reserves	Result brought forward, including result for the period	Total equity
(SEK thousand)					
Balance brought forward as of 1 January 2019	1,826	205,787	5,905	280,897	494,415
Result for the period	0	0	0	67,066	67,066
Other comprehensive income	0	0	12,025	0	12,025
Total comprehensive income	0	0	12,025	67,066	79,091
New shares related to employee stock option programme	34	12,795	0	0	12,828
Employee stock option programme	0	2,186	0	0	2,186
Share-based remuneration	18	0	0	736	754
Dividend paid	0	0	0	-14,874	-14,874
Total transactions with shareholders, reported directly in equity	52	14,981	0	-14,138	894
Balance carried forward as of 31 December 2019	1,877	220,768	17,930	333,825	574,400
Balance brought forward as of 1 January 2020	1,877	220,768	17,930	333,825	574,400
Result for the period	0	0	0	8,876	8,876
Other comprehensive income	0	0	35,325	0	35,325
Total comprehensive income	0	0	35,325	8,876	44,201
New shares related to employee stock option programme	15	15,854	0	0	15,869
Employee stock option programme	0	519	0	300	818
New share issue related to business acquisitions	1	1,132	0	0	1,133
Total transactions with shareholders, reported directly in equity	16	17,504	0	300	17,820
Balance carried forward as of 31 March 2020	1,893	238,272	53,255	343,000	636,421

Consolidated statement of cash flows

(SEK thousand)	2020	2019	2019
	Q1	Q1	Full year
Operating result	15,274	14,404	106,410
Items not affecting cash flow	37,198	35,424	97,206
Interest received	117	41	285
Interest paid	-941	-3,241	-16,090
Income tax paid	8,801	-1,529	-27,679
Cash flow from operating activities before changes in working capital	60,449	45,099	160,132
Increase (-)/decrease (+) in inventories	3,786	-45,390	-5,065
Increase (-)/decrease (+) in accounts receivable	-50,106	-17,155	19,361
Increase (-)/decrease (+) in operating receivables	-14,012	-4,299	3,938
Increase (+)/decrease (-) in accounts payable	35,557	47,650	-11,188
Increase (+)/decrease (-) in operating liabilities	20,024	4,925	6,736
Cash flow from changes in working capital	-4,751	-14,269	13,782
Cash flow from operating activities	55,698	30,830	173,915
Investing activities			
Acquisition of tangible and intangible assets	-41,659	-14,341	-81,781
Acquisition of subsidiaries after deduction of acquired liquid assets	-10,365	0	-13,809
Change in financial assets	74	-589	-714
Cash flow from investing activities	-51,950	-14,930	-96,304
Financing activities			
Borrowings	0	0	20,000
Amortisation of loans	-14,250	0	-56,971
Amortisation of lease liabilities	-9,368	-8,709	-35,657
Changes in overdraft facilities	-1,045	-29,863	15,395
New share issues for the period	15,869	12,828	13,106
Dividends paid	0	0	-14,874
Cash flow from financing activities	-8,794	-25,744	-59,000
Cash flow for the period	-5,046	-9,844	18,610
Liquid assets at the start of the period	103,762	84,621	84,621
Exchange rate difference in liquid assets	-1,712	-1,495	531
Liquid assets at the end of the period	97,004	73,281	103,762

Key metric for the group

	2020	2019	2019
	Q1	Q1	Full year
Growth in net sales	4%	24%	15%
EBITA margin	5.1%	5.0%	7.4%
EBITA margin, 12 months rolling	7.4%	7.0%	7.4%
Operating margin	3.5%	3.4%	5.8%
Earnings per share before dilution (SEK)	0.24	0.14	1.81
Earnings per share after dilution (SEK)	0.24	0.14	1.80
Net sales per employee (SEK thousand)	730	747	3,133
Result per employee (SEK thousand)	15	9	114
Quick asset ratio	89%	84%	88%
Average number of employees	599	564	588
Number of shares at period end before dilution	37,508,930	37,183,825	37,183,825
Average number of shares before dilution	37,292,193	36,959,825	37,127,825
Average number of shares after dilution	37,300,597	37,123,335	37,217,336

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

(SEK thousand)	2020	2019
	Q1	Q1
Revenue		
Net sales	4,315	4,743
	4,315	4,743
Operating expenses		
Other external costs	-8,227	-8,198
Personnel costs	-6,954	-6,244
Depreciation of tangible assets	-54	-54
Operating result (EBITA)	-10,920	-9,753
Result from financial items		
Interest income	1,145	212
Interest expenses	838	-827
Result after financial items	-8,937	-10,369
Appropriations	0	0
Result before tax	-8,937	-10,369
Tax on profit for the period	27	0
Net result for the period	-8,910	-10,369

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

(SEK thousand)	31/3/2020	31/3/2019	31/12/2019
Assets			
Intangible assets	775	0	388
Tangible assets	279	494	333
Financial assets	633,075	623,614	631,753
Total non-current assets	634,129	624,108	632,473
Current receivables			
Receivables from Group companies	245,196	157,784	257,463
Other receivables	6,465	2,656	2,262
Prepaid expenses and accrued income	4,539	7,000	4,118
Total current receivables	256,200	167,440	263,843
Cash and bank balances	0	3,570	0
Total current assets	256,200	171,010	263,843
TOTAL ASSETS	890,329	795,119	896,316
Equity	219,303	204,974	210,390
Untaxed reserves	16,950	12,350	16,950
Non-current liabilities			
Liabilities to credit institutions	306,323	350,953	320,430
Deferred tax	0	0	4
Total non-current liabilities	306,323	350,953	320,434
Current liabilities			
Liabilities to credit institutions	57,000	48,721	57,000
Overdraft facilities	44,213	0	45,258
Accounts payable	7,292	6,439	8,465
Liabilities to Group companies	207,853	115,485	200,084
Current tax liabilities	1,959	231	3,462
Other liabilities	19,634	50,419	29,270
Accrued expenses and deferred income	9,826	5,547	5,002
Total current liabilities	347,777	226,841	348,541
TOTAL EQUITY, PROVISIONS AND LIABILITIES	890,329	795,119	896,316

Notes

Note 1 Revenue

January to March 2020					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	118,316	151,161	106,301	61,552	437,331
Category					
Goods	112,583	136,154	106,301	61,552	416,591
Services	5,733	15,007	0	0	20,740
Total	118,316	151,161	106,301	61,552	437,331
Time for revenue recognition					
At a given time	118,316	151,161	106,301	61,552	437,331
Over time	0	0	0	0	0
Total	118,316	151,161	106,301	61,552	437,331

January to March 2019					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	127,440	129,830	90,586	73,232	421,087
Category					
Goods	118,374	111,737	90,586	73,232	393,928
Services	9,066	18,093	0	0	27,159
Total	127,440	129,830	90,586	73,232	421,087
Time for revenue recognition					
At a given time	127,440	129,830	90,586	73,232	421,087
Over time	0	0	0	0	0
Total	127,440	129,830	90,586	73,232	421,087

Note 2 Pledged assets

Pledged assets	Group			Parent Company	
	31/3/2020	31/3/2019	31/12/2019	31/3/2020	31/3/2019
<i>Assets pledged for liabilities to credit institutions</i>					
Chattel mortgages	157,350	157,350	157,350	100	100
Shares in subsidiaries	277,090	291,726	269,517	82,957	82,504
Total	434,440	449,076	426,867	83,057	82,604

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, SEK thousand, %	Q1 2020		
Net sales Q1 2020	437,331		
Exchange-rate effects	-7,979		
Acquisition driven	0		
Comparable net sales	429,352		
Net sales Q1 2019	421,087		
Net sales increase cleared of exchange-rate effects	8,265		
%	2%		
Organic growth	8,265		
%	2%		
Annual growth, rolling 12 months, %	12 months		
Net sales January-March 2020	437,331		
Net sales April-December 2019	1,421,179		
<i>Net sales rolling 12 months</i>	<i>1,858,510</i>		
Net sales January-March 2019	421,087		
Net sales April-December 2018	1,258,534		
<i>Net sales rolling 12 months</i>	<i>1,679,621</i>		
Annual growth, rolling 12 months	11%		
Quick asset ratio, %	31/3/2020	31/3/2019	31/12/2019
Current assets	762,885	763,909	709,312
Inventories	-335,560	-379,672	-339,346
<i>Current assets-inventories</i>	<i>427,325</i>	<i>384,237</i>	<i>369,965</i>
Current liabilities	479,626	456,773	421,114
Quick asset ratio	89%	84%	88%
Core working capital, SEK thousand	31/3/2020	31/3/2019	31/12/2019
Inventories	335,560	379,672	339,346
Accounts receivable	292,519	278,928	242,413
Accounts payable	-198,141	-221,422	-162,584
Core working capital	429,938	437,178	419,176

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.

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 as a percentage of average number of outstanding shares before dilution.

Earnings per share after dilution

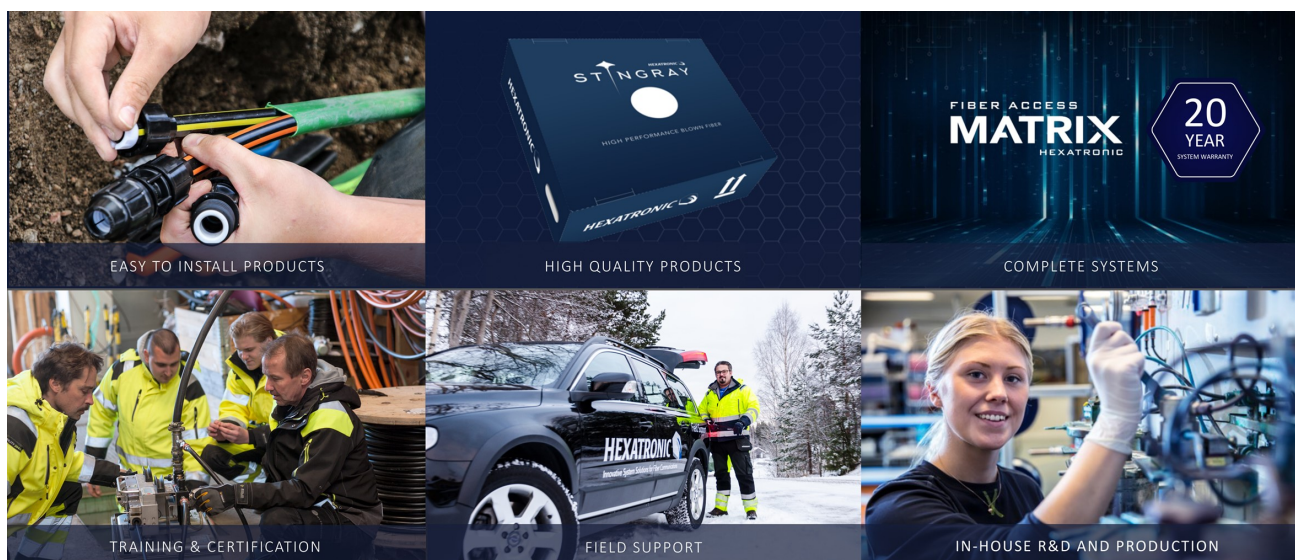
Earnings as a percentage of average number of outstanding shares after dilution.

Equity per share

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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