

# Hexatronic Group AB (publ)

Year-end report January – December 2022

## Key ratio

MSEK	2022	2021	Δ %	2022	2021	Δ %
	Q4	Q4		Full year	Full year	
Net sales	1,795.4	1,169.5	54%	6,574.0	3,491.6	88%
EBITA	310.5	122.8	153%	1,089.9	393.8	177%
EBITA-margin	17.3%	10.5%		16.6%	11.3%	
Operating result (EBIT)	290.7	108.7	167%	1,027.6	355.1	189%
Net earnings	217.5	73.2	197%	793.0	252.4	214%
Earnings per share after dilution, SEK <sup>1</sup>	1.06	0.36	193%	3.89	1.29	201%
Cash flow from operating activities	291.7	85.9	n/a	669.5	104.7	n/a
Liquid assets	552.0	675.1	-18%	552.0	675.1	-18%

<sup>1</sup> 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 completed the acquisition of Impact Data Solutions Ltd.
- Hexatronic has signed a binding asset purchase agreement to acquire all business activities of Rochester Cable, from TE Connectivity, for an enterprise value of MUS\$ 55.
- Hexatronic acquires leading micro duct business KNET for an expected enterprise value of MUS\$ 63.
- Hexatronic has signed a three-year strategic supply agreement with Eltel for the Finnish market, to a value of approximately MEUR 20.

- Hexatronic has signed a four-year Strategic Partner agreement with Grizzly Broadband in Montana, USA, to a value of over MUS\$ 15.
- Hexatronic syndicated credit facilities have increased by MSEK 1500 to finance published acquisitions and increase unutilized credit facilities.

## Events since the end of the quarter

Hexatronic adjusted the profitability target to an EBITA-margin of 15% to 17% over a business cycle. The previously set profitability target was at least 12% EBITA-margin over a business cycle.

- The Board of Directors will propose a dividend of 0.10 SEK (0.10) per share for the financial year 2022 to the Annual General meeting

## COMMENTS FROM THE CEO

### A great finish to the year

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The year was another record year in terms of both sales and profitability. We continued to grow very strongly, particularly in the US and UK, but also in Germany. Sales grew by 88% in 2022 with 53% organic growth compared to 2021. Profitability (EBITA) increased 177% to a margin of 16.6% for the full year 2022. The profitability target of 12% was significantly exceeded and given the trends we see ahead, we have decided to increase the target to 15-17% EBITA over a business cycle.

The fourth quarter followed the trend we have seen throughout the year, with solid sales growth. We achieved sales growth of 54%, of which 36% organic growth, compared to the same quarter last year. Profitability (EBITA) increased by 153%, resulting in a margin of 17.3%. We continue to see a positive impact on profitability due to a favorable geographic sales mix and positive scale effects with high-capacity utilization in our factories.

Sales in our largest market, North America, continued to develop very strongly in the fourth quarter, with a growth of 100% compared to the same quarter last year. Both duct sales and our FTTH systems developed strongly. During the quarter, a 4-year contract of MUS\$ 15 was signed with Grizzly Fiber for our FTTH system. Our new duct plant in Clinton, South Carolina, began small-scale production during the quarter. We expect full-scale production to be achieved by the end of the second quarter of 2023.

Sales in Europe, excluding Sweden, continued to develop strongly in the last quarter of the year, mainly thanks to the UK and Germany. Sales in the region increased by 56% compared to the corresponding quarter last year. During the quarter, a three-year contract of MEUR 20 was signed with Eltel Finland for our FTTH system.

Sales in Sweden remained strong and increased by 11% compared to the same quarter last year.

Sales in the rest of the world grew by 9% in the fourth quarter compared to the corresponding quarter last year, mainly due to the acquisition of KNET, which was consolidated as of December 1, 2022.

With the acquisition of the micro duct manufacturer KNET in South Korea, we enhance our position in our strategic growth markets in the US and Europe, as well as opening up new selected markets in Asia. Further we secure capacity and strengthen the groups competence in plastics and production processes.

The acquisitions, during the year, of homeway in Germany, strengthened our indoor offering and the acquisition of IDS in the UK strengthened our data center offering. We have also signed an agreement to acquire Rochester in the US, which strengthens our Harsh Environment business offering (fiber optic solutions in demanding environments) and we expect closing in the first quarter of 2023.

Our acquisition efforts in 2023 will primarily focus on building the Harsh Environment, Wireless, and Data Center businesses. We continue to have an attractive pipeline for further acquisitions in 2023.

Order intake has continued to develop strongly. At the end of the year, we have an order book that is organically 67 percent higher than the corresponding time last year. We have yet to see any signs of a slowdown in order intake. During the last month, we have noticed that a few smaller and relatively new players have had difficulties to finance planned FTTH-projects. We assess that it will not negatively affect the rollout pace on the market as the limited factor is still expected to be trained installers. In the event of a potential recession, we expect to see some negative impact.

Welcome to join us on our growth journey.

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



## Net sales and earnings

### The fourth quarter (October 1 – December 31, 2022)

The Group's net sales for the fourth quarter increased 54 percent to MSEK 1,795.4 (1,169.5), as a result of organic and acquisition driven growth. The increase was 45 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Q4		Q4	
	2022	(%)	2021	(%)
Previous year's quarter	1,169.5	-	599.8	-
Organic growth	425.1	36%	285.9	48%
Acquisitions and structural changes	105.1	9%	273.1	46%
Exchange-rate effects	95.7	8%	10.8	2%
<b>Current quarter</b>	<b>1,795.4</b>	<b>54%</b>	<b>1,169.5</b>	<b>95%</b>

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

Geographical net sales (MSEK)	Q4 2022	Allocation (%)	Growth (%)
Sweden	215.9	12%	11%
Rest of Europe	798.6	44%	56%
North America	608.7	34%	100%
Rest of the world	172.2	10%	9%
<b>Total</b>	<b>1,795.4</b>	<b>100%</b>	<b>54%</b>

EBITA increased 153 percent to MSEK 310.5 (122.8) in the quarter. The EBITA margin amounted to 17.3 percent (10.5).

Net financial items during the quarter amounted to MSEK -20.6 (-12.3), whereof net interest amounted to MSEK -14.8 (-8.5), realised and unrealised foreign exchange differences to MSEK -3.5 (3.1) and other financial items to MSEK -2.3 (-0.6). The revaluation of contingent purchase considerations, attributable to acquisitions made in 2020 and 2021, amounted to MSEK -1.5 in other financial items.

Net earnings for the fourth quarter amounted to MSEK 217.5 (73.2) and earnings per share after dilution, increased by 193 percent and amounted to SEK 1.06 (0.36). Tax for the quarter was MSEK -52.6 (-23.2) which means the average effective tax rate for the Group was 20.0 percent (24.0) for the quarter.

## The full year (January 1 – December 31, 2022)

The Group's net sales for the full year 2022 increased 88 percent to MSEK 6,574.0 (3,491.6), as a result of organic and acquisition driven growth. The increase was 81 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Jan-Dec 2022		Jan-Dec 2021	
		(%)		(%)
Previous year	3,491.6	-	2,080.8	-
Organic growth	1,837.7	53%	811.3	39%
Acquisitions and structural changes	990.0	28%	646.0	31%
Exchange-rate effects	254.7	7%	-46.6	-2%
<b>Current period</b>	<b>6,574.0</b>	<b>88%</b>	<b>3,491.6</b>	<b>68%</b>

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

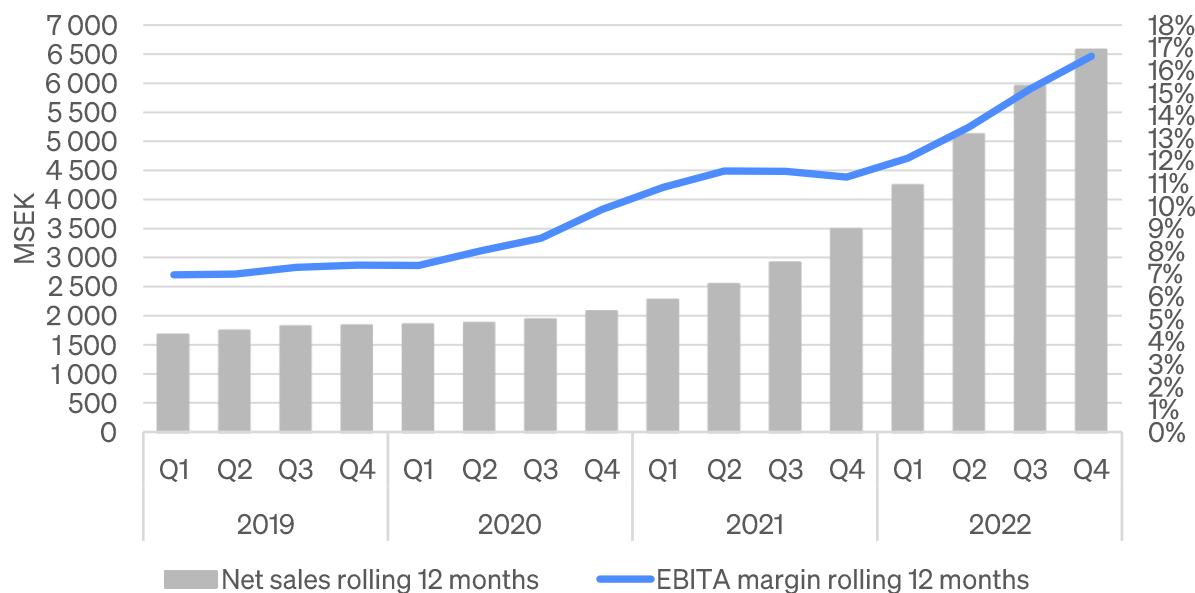
Geographical net sales (MSEK)	Jan-Dec 2022	Allocation (%)	Growth (%)
Sweden	808.3	12%	34%
Rest of Europe	2,940.2	45%	91%
North America	2,211.9	34%	137%
Rest of the world	613.6	9%	49%
<b>Total</b>	<b>6,574.0</b>	<b>100%</b>	<b>88%</b>

EBITA increased 177 percent to MSEK 1,089.9 (393.8) during the full year. The EBITA margin amounted to 16.6 percent (11.3).

Net financial items during the full year amounted to MSEK 11.0 (-23.0), whereof net interest amounted to MSEK -35.8 (-18.3), realised and unrealised foreign exchange differences to MSEK -5.0 (2.7) and other financial items to MSEK 29.8 (-1.9). The revaluation of contingent purchase considerations, attributable to acquisitions made in 2020 and 2021, amounted to MSEK 33.8 in other financial items.

Net earnings for the full year amounted to MSEK 793.0 (252.4) and earnings per share after dilution, increased by 201 percent and amounted to SEK 3.89 (1.29). Tax for the full year was MSEK -223.7 (-79.7) which means the average effective tax rate for the Group was 22.0 percent (24.0) for the full year.

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



### Cash flow and investments

Cash flow from operating activities during the quarter amounted to MSEK 291.7 (85.9), including a change in working capital of MSEK 0.0 (-70.6). The positive working capital change of accounts receivable was offset by a strategic increase of inventories.

Investments during the quarter amounted to MSEK -731.7 (-698.9). Investments of intangible and tangible assets amounted to MSEK -164.5 (-97.4). Acquisition of subsidiaries after deduction of acquired liquid assets amounted to MSEK -567.2 (-601.5).

Cash flow from financing activities amounted to MSEK 451.8 (1,061.0) and include borrowings and amortisation of lease liabilities. The cash flow for the period was MSEK 11.9 (448.0).

Cash flow from operating activities during the full year amounted to MSEK 669.5 (104.7), including a change in working capital of MSEK -522.2 (-358.6). Changes in working capital are mainly explained by the group's growth, but also by capital tied up in strategically increased inventories.

Investments during the full year amounted to MSEK -1,103.7 (-1,154.3). Investments of intangible and tangible assets amounted to MSEK -479.0 (-202.3) and are mainly related to new production lines in our facilities in the US, Austria and Sweden. Acquisition of subsidiaries after deduction of acquired liquid assets amounted to MSEK -624.7 (-952.2).

Cash flow from financing activities amounted to MSEK 270.6 (1,511.0) and include borrowings, amortisation of loans and lease liabilities as well as dividend, new share issue and sale of shares. The cash flow for the full year was MSEK -163.6 (461.4).

## Liquidity and financial position

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### **The Group's net debt**

Net debt totalled MSEK 1,358.6 at the end of the reporting period compared to MSEK 857.9 as per December 31, 2021.

### **Available funds**

Available funds on December 31, 2022 including unutilized credit facilities, amounted to MSEK 2,150.0 (827.7).

### **Equity**

Equity as of December 31, 2022 amounted to MSEK 2,805.1 (1,647.5 as of December 31, 2021), which compared to SEK 13.82 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 17.3 percent (10.5), and for the full year EBITA margin amounted to 16.6 percent (11.3) The EBITA margin on a rolling 12-month basis on December 31, 2022 was 16.6 percent (11.3).

The Board of Directors has adjusted the profitability target as of 2023, with an EBITA goal (earnings before interest, taxes and amortisation) of 15-17 percent over a business cycle.

#### **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 54 percent (95), and for the full year 88 percent (68).

The growth on a rolling 12-month basis was 88 percent (68).

### **Customers**

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

### **Employees**

There were 1,696 (1,289) employees in the Group on December 31, 2022. The increase is mainly related to production personnel in Sweden, the UK and North America and the acquisitions of Impact Data Solutions Limited, homeway GmbH and KNET. Number of employees in acquired companies amounted to 188 people.

### **Parent company**

The Parent Company's main business consists of performing Group-wide services. Revenue for the full year amounted to MSEK 67.2 (18.7) and the result after financial items was MSEK 122.0 (-23.2). The change compared to previous year is explained by dividend from subsidiaries and currency effects on receivables from subsidiaries.

## Share structure

The company's share is listed in the Large Cap segment on Nasdaq Stockholm. At the end of the period the share capital amounted to MSEK 2.1.

The number of shares and votes in Hexatronic Group AB (publ) have during June 2022 changed as a result of the decision taken by the annual general meeting held on May 5, 2022, to resolve on a share split of the Company's shares whereupon each share is divided into five shares (share split 5:1). Record date for the share split was June 3, 2022. The total number of registered and outstanding shares in the Company, post the share split, amounts to 205,062,579 (previously 41,012,516).

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Ordinary share, 1 vote per share	203,026,610	203,026,610	99.0%	99.9%
Class C share, 1/10 vote per share	2,035,969	203,597	1.0%	0.1%
<b>Total number of shares before repurchases</b>	<b>205,062,579</b>	<b>203,230,207</b>	<b>100%</b>	<b>100%</b>
Repurchased class C shares	-2,035,969		1.0%	0.1%
<b>Total number of shares after repurchases</b>	<b>203,026,610</b>			

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

Outstanding warrant programme	Number of warrantes	Corresponding Number of shares	Proportion of total Shares	Exercise price	Expiration period
Warrant programme 2020/2023	255,000	1,275,000	0.6%	12.60	May 15 - Jun 15 -23
Warrant programme 2021/2024	373,500	1,867,500	0.9%	37.93	May 15 - Jun 15 -24
Warrant programme 2022/2025	545,000	545,000	0.3%	96.96	May 15 - Jun 15 -25
<b>Total</b>	<b>1,173,500</b>	<b>3,687,500</b>			

In addition to above warrant programmes, there are two ongoing long-term, performance-based incentive plans (LTIP 2021 and 2022) for 36 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 166,639 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 2021-2024 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 28,738. Based on data from Euroclear and subsequent known changes the number of shareholders was 49,014 at period end. The shareholder structure of Hexatronic Group AB (publ) on December 31, 2022 is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
Swedbank Robur Funds	13,248,081	6.5%
AMF Pension & Funds	13,024,785	6.4%
Accendo Capital	12,713,945	6.4%
Jonas Nordlund, privately and corporately	12,114,353	6.0%
Handelsbanken Funds	9,250,344	4.6%
Chirp AB	8,929,360	4.4%
Vanguard	6,944,055	3.4%
Norges Bank	4,081,444	2.0%
Henrik Larsson Lyon	4,057,180	2.0%
Avanza Pension	3,772,588	1.9%
Other shareholders	114,890,475	56.6%
<b>Total outstanding shares</b>	<b>203,026,610</b>	<b>100.0%</b>

## 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

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The general transition to a more digital and 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, online shopping, digital banking services, online gaming, HD TV, streaming services and VR/MR, to a higher degree of connectivity in industries and driverless vehicles. The common denominator for it all is reliable internet connection with increasing demands on capacity and short response times.

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

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

## Other disclosures

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### Nature of operations

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

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

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

### **Transactions with related parties**

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

### **Significant risks and uncertainties**

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

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

The 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 2023.

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

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### **Publication**

This information comprises disclosures that Hexatronic Group AB (publ) must publish according to the Swedish Securities Market Act. The information was submitted for publication, under responsibility of the contact persons named below, on February 9, 2023 at 07:00 CET.

### **Financial calendar**

Interim Report January-March 2023: April 27, 2023

Interim Report April-June 2023: August 15, 2023

### **Annual General Meeting**

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

Please direct any questions to:

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

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

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

Gothenburg, February 9, 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 Q4	2021 Q4	2022 Full year	2021 Full year
<b>Revenue</b>				
Net sales	1,795.4	1,169.5	6,574.0	3,491.6
Other operating income	16.7	10.3	56.5	33.2
<b>Total</b>	<b>1,812.2</b>	<b>1,179.7</b>	<b>6,630.5</b>	<b>3,524.8</b>
<b>Operating expenses</b>				
Raw materials and goods for resale	-971.3	-678.2	-3,704.6	-1,957.6
Other external costs	-193.9	-124.2	-734.7	-413.6
Personnel costs	-295.5	-220.4	-955.1	-661.3
Other operating expenses	0.0	-2.9	-0.6	-2.9
Depreciation of tangible assets	-41.1	-31.3	-145.6	-95.6
<b>Earnings before amortisation of intangible assets (EBITA)</b>	<b>310.5</b>	<b>122.8</b>	<b>1,089.9</b>	<b>393.8</b>
Amortisation of intangible assets	-19.8	-14.1	-62.2	-38.7
<b>Operating result (EBIT)</b>	<b>290.7</b>	<b>108.7</b>	<b>1,027.6</b>	<b>355.1</b>
<b>Result from financial items</b>				
Financial income	3.7	0.1	56.3	0.1
Financial expenses	-24.3	-12.3	-67.3	-23.1
<b>Result after financial items</b>	<b>270.1</b>	<b>96.4</b>	<b>1,016.6</b>	<b>332.1</b>
Income taxes	-52.6	-23.2	-223.7	-79.7
<b>Net result for the period</b>	<b>217.5</b>	<b>73.2</b>	<b>793.0</b>	<b>252.4</b>
<b>Attributable to:</b>				
Parent Company shareholders	218.1	73.1	794.5	253.1
Non-controlling interest	-0.5	0.2	-1.6	-0.7
<b>Net result for the period</b>	<b>217.5</b>	<b>73.2</b>	<b>793.0</b>	<b>252.4</b>
<b>Earnings per share</b>				
Earnings per share before dilution (SEK)	1.08	0.37	3.95	1.32
Earnings per share after dilution (SEK)	1.06	0.36	3.89	1.29
	2022	2021	2022	2021
<b>Consolidated statement of comprehensive income</b>	<b>Q4</b>	<b>Q4</b>	<b>Helår</b>	<b>Full year</b>
Result for the period	217.5	73.2	793.0	252.4
<b>Items which can later be recovered in the income statement</b>				
Translation differences	-36.9	48.6	293.1	97.5
<b>Other comprehensive income for the period</b>	<b>-36.9</b>	<b>48.6</b>	<b>293.1</b>	<b>97.5</b>
<b>Comprehensive income for the period</b>	<b>180.6</b>	<b>121.8</b>	<b>1,086.0</b>	<b>349.9</b>
<b>Attributable to:</b>				
Parent Company shareholders	180.4	121.7	1,085.9	350.6
Non-controlling interest	0.3	0.2	0.1	-0.7
<b>Comprehensive income for the period</b>	<b>180.6</b>	<b>121.8</b>	<b>1,086.0</b>	<b>349.9</b>

## Consolidated balance sheet

(MSEK)	2022-12-31	2021-12-31
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	2,490.8	1,385.2
Tangible assets	1,629.7	1,071.9
Financial assets	3.8	1.8
<b>Total non-current assets</b>	<b>4,124.4</b>	<b>2,458.9</b>
<b>Current assets</b>		
Inventories	1,596.1	928.8
Account receivables	1,018.2	597.3
Other receivables	22.9	19.0
Prepaid expenses and accrued income	74.8	36.1
Liquid assets	552.0	675.1
<b>Total current assets</b>	<b>3,264.0</b>	<b>2,256.3</b>
<b>TOTAL ASSETS</b>	<b>7,388.4</b>	<b>4,715.2</b>
<b>Equity</b>	<b>2,805.1</b>	<b>1,647.5</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	1,810.6	1,258.7
Deferred tax	212.5	104.8
Non-current lease liabilities	371.8	332.4
Other non-current liabilities	429.8	162.0
<b>Total non-current liabilities</b>	<b>2,824.6</b>	<b>1,858.0</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	100.0	274.3
Current lease liabilities	68.0	61.4
Accounts payable	787.7	505.1
Provisions	13.6	4.1
Current tax liabilities	107.9	29.7
Other liabilities	330.2	119.2
Accrued expenses and deferred income	351.2	215.9
<b>Total current liabilities</b>	<b>1,758.6</b>	<b>1,209.7</b>
<b>TOTAL EQUITY, PROVISION AND LIABILITIES</b>	<b>7,388.4</b>	<b>4,715.2</b>

## 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
<b>Balance brought forward as of January 1, 2021</b>	<b>1.9</b>	<b>249.0</b>	<b>-64.2</b>	<b>462.8</b>	<b>649.5</b>	<b>0.0</b>	<b>649.5</b>
Result for the period	-	-	-	253.1	253.1	-0.7	252.4
Other comprehensive income	-	-	97.5	-	97.5	-	97.5
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>97.5</b>	<b>253.1</b>	<b>350.6</b>	<b>-0.7</b>	<b>349.9</b>
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
<b>Total transactions with shareholders, reported directly in equity</b>	<b>0.1</b>	<b>655.4</b>	<b>0.0</b>	<b>-13.6</b>	<b>642.0</b>	<b>6.1</b>	<b>648.1</b>
<b>Balance carried forward as of December 31, 2021</b>	<b>2.0</b>	<b>904.5</b>	<b>33.3</b>	<b>702.4</b>	<b>1,642.1</b>	<b>5.4</b>	<b>1,647.5</b>
<b>Balance brought forward as of January 1, 2022</b>	<b>2.0</b>	<b>904.5</b>	<b>33.3</b>	<b>702.4</b>	<b>1,642.1</b>	<b>5.4</b>	<b>1,647.5</b>
Result for the period	-	-	-	794.5	794.5	-1.6	793.0
Other comprehensive income	-	-	291.4	-	291.4	1.7	293.1
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>291.4</b>	<b>794.5</b>	<b>1,085.9</b>	<b>0.1</b>	<b>1,086.0</b>
Share issue in progress related to employee stock option programme	0.0	9.9	-	-	9.9	-	9.9
New shares related to employee stock option programme	0.0	20.0	-	-	20.0	-	20.0
Employee stock option programme	-	4.0	-	-	4.0	-	4.0
Share-based remuneration	0.0	-	-	8.6	8.6	-	8.6
Sale of shares linked to incentive program	-	-	-	17.4	17.4	-	17.4
Dividend paid	-	-	-	-20.0	-20.0	-	-20.0
Non-controlling interest on acquisition of subsidiary	-	-	-	-	0.0	31.6	31.6
<b>Total transactions with shareholders, reported directly in equity</b>	<b>0.0</b>	<b>33.9</b>	<b>-</b>	<b>6.0</b>	<b>39.9</b>	<b>31.6</b>	<b>71.5</b>
<b>Balance carried forward as of December 31, 2022</b>	<b>2.1</b>	<b>938.3</b>	<b>324.7</b>	<b>1,503.1</b>	<b>2,768.2</b>	<b>37.0</b>	<b>2,805.1</b>

## Consolidated statement of cash flow

(MSEK)	2022 Q4	2021 Q4	2022 Full year	2021 Full year
Operating result	290.7	108.7	1,027.6	355.1
Items not affecting cash flow	79.9	81.2	346.0	201.2
Interest received	1.6	0.1	2.0	0.1
Interest paid	-13.5	-8.8	-31.9	-22.9
Income tax paid	-66.9	-24.6	-152.0	-70.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>291.8</b>	<b>156.5</b>	<b>1,191.7</b>	<b>463.4</b>
Increase (-)/decrease (+) in inventories	-242.8	-109.8	-610.3	-372.6
Increase (-)/decrease (+) in accounts receivable	192.8	34.8	-239.4	-169.9
Increase (-)/decrease (+) in operating receivables	37.6	15.2	37.9	-18.1
Increase (+)/decrease (-) in accounts payable	80.9	37.7	200.3	189.7
Increase (+)/decrease (-) in operating liabilities	-68.6	-48.6	89.4	12.3
<b>Cash flow from changes in working capital</b>	<b>0.0</b>	<b>-70.6</b>	<b>-522.2</b>	<b>-358.6</b>
<b>Cash flow from operating activities</b>	<b>291.7</b>	<b>85.9</b>	<b>669.5</b>	<b>104.7</b>
<b>Investing activities</b>				
Acquisition of tangible and intangible assets	-164.5	-97.4	-479.0	-202.3
Acquisition of subsidiaries after deduction of acquired liquid assets	-567.2	-601.5	-624.7	-952.2
Change in financial assets	-	-	-	0.2
<b>Cash flow from investing activities</b>	<b>-731.7</b>	<b>-698.9</b>	<b>-1,103.7</b>	<b>-1,154.3</b>
<b>Financing activities</b>				
Borrowings	557.5	600.0	790.9	1,080.0
Amortisation of loans	-86.5	-62.8	-463.6	-83.3
Amortisation of lease liabilities	-19.1	-15.9	-74.2	-53.3
New share issues for the period	-	539.7	20.0	586.5
Sale of shares	-	-	17.4	-
Dividend paid	-	-	-20.0	-18.9
<b>Cash flow from financing activities</b>	<b>451.8</b>	<b>1,061.0</b>	<b>270.6</b>	<b>1,511.0</b>
<b>Cash flow for the period</b>	<b>11.9</b>	<b>448.0</b>	<b>-163.6</b>	<b>461.4</b>
Liquid assets at the start of the period	541.3	227.1	675.1	212.3
Exchange rate difference in liquid assets	-1.2	0.0	40.4	1.3
<b>Liquid assets at the end of the period</b>	<b>552.0</b>	<b>675.1</b>	<b>552.0</b>	<b>675.1</b>



## Key metric for the Group

	2022 Q4	2021 Q4	2022 Full year	2021 Full year
Growth in net sales	54%	95%	88%	68%
EBITA margin	17.3%	10.5%	16.6%	11.3%
EBITA margin, 12 months rolling	16.6%	11.3%	16.6%	11.3%
Operating margin	16.2%	9.3%	15.6%	10.2%
Equity asset ratio	38.0%	34.9%	38.0%	34.9%
Earnings per share before dilution (SEK)	1.08	0.37	3.95	1.32
Earnings per share after dilution (SEK)	1.06	0.36	3.89	1.29
Net sales per employee (SEK thousand)	1,124	919	4,598	3,467
Result per employee (SEK thousand)	136	57	556	251
Quick asset ratio	95%	97%	95%	97%
Average number of employees	1,598	1,273	1,430	1,007
Number of shares at period end before dilution	203,026,610	199,826,650	203,026,610	199,826,650
Average number of shares before dilution	202,622,409	197,735,130	201,151,897	191,749,640
Average number of shares after dilution	205,312,313	201,388,405	203,996,888	195,491,130

<sup>1</sup>During 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 Full year	2021 Full year
<b>Revenue</b>		
Net sales	67.2	18.7
	<b>67.2</b>	<b>18.7</b>
<b>Operating expenses</b>		
Other external costs	-77.9	-44.5
Personnel costs	-62.2	-41.5
Depreciation of tangible assets	-0.1	-0.2
	<b>-73.1</b>	<b>-67.5</b>
<b>Earnings before amortisation of intangible assets (EBITA)</b>		
Amortisation of intangible assets	-1.4	-0.6
	<b>-74.4</b>	<b>-68.2</b>
<b>Operating result (EBIT)</b>		
<b>Result from financial items</b>		
Interest income	231.3	59.9
Interest expenses	-34.8	-15.0
	<b>122.0</b>	<b>-23.2</b>
<b>Result after financial items</b>		
Appropriations	24.7	73.5
	<b>146.7</b>	<b>50.3</b>
<b>Result before tax</b>		
Income taxes	-7.0	-4.7
	<b>139.7</b>	<b>45.6</b>
<b>Net result for the period</b>		

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)	2022-12-31	2021-12-31
<b>Assets</b>		
Intangible assets	8.0	3.5
Tangible assets	0.5	0.4
Financial assets	3,699.3	2,220.7
<b>Total non-current assets</b>	<b>3,707.8</b>	<b>2,224.6</b>
<b>Current receivables</b>		
Receivables from Group companies	266.3	364.3
Other receivables	9.8	0.1
Prepaid expenses and accrued income	6.3	2.8
<b>Total current receivables</b>	<b>282.5</b>	<b>367.2</b>
<b>Cash and bank balances</b>	<b>41.8</b>	<b>375.0</b>
<b>Total current assets</b>	<b>324.3</b>	<b>742.2</b>
<b>TOTAL ASSETS</b>	<b>4,032.1</b>	<b>2,966.8</b>
<b>Equity</b>	<b>1,115.8</b>	<b>938.1</b>
<b>Untaxed reserves</b>	<b>29.0</b>	<b>23.7</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	1,797.5	1,258.7
Other non-current liabilities	413.4	117.5
<b>Total non-current liabilities</b>	<b>2,210.9</b>	<b>1,376.3</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	100.0	274.3
Accounts payable	18.2	11.8
Liabilities to Group companies	352.3	281.5
Current tax liabilities	3.0	3.7
Other liabilities	150.3	33.5
Accrued expenses and deferred income	52.8	24.0
<b>Total current liabilities</b>	<b>676.5</b>	<b>628.8</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>4,032.1</b>	<b>2,966.8</b>

## Notes

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### Note 1 Revenue

Full year 2022					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	808.3	2,940.2	2,211.9	613.6	6,574.0
<b>Category</b>					
Goods	770.6	2,841.4	2,157.8	610.8	6,380.5
Services	37.7	98.8	54.1	2.8	193.5
<b>Total</b>	<b>808.3</b>	<b>2,940.2</b>	<b>2,211.9</b>	<b>613.6</b>	<b>6,574.0</b>
<b>Time for revenue recognition</b>					
At a given time	770.6	2,841.4	2,157.8	610.8	6,380.5
Over time	37.7	98.8	54.1	2.8	193.5
<b>Total</b>	<b>808.3</b>	<b>2,940.2</b>	<b>2,211.9</b>	<b>613.6</b>	<b>6,574.0</b>
<b>Full year 2021</b>					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	603.1	1,540.7	935.2	412.6	3,491.6
<b>Category</b>					
Goods	561.7	1,468.7	907.8	4,105.0	3,348.1
Services	41.4	72.6	27.4	2.1	143.5
<b>Total</b>	<b>603.1</b>	<b>1,540.7</b>	<b>935.2</b>	<b>412.6</b>	<b>3,491.6</b>
<b>Time for revenue recognition</b>					
At a given time	561.7	1,468.7	907.8	4,105.0	3,348.1
Over time	41.4	72.6	27.4	2.1	143.5
<b>Total</b>	<b>603.1</b>	<b>1,540.7</b>	<b>935.2</b>	<b>412.6</b>	<b>3,491.6</b>

## Note 2 Business acquisitions

On September 1, the Group acquired 82 % of the share capital in homeway GmbH for a fixed purchase consideration of MEUR 7.2 and contingent purchase consideration calculated at net present value of maximum MEUR 5.1 (in total MSEK 132.2). On October 1, the group acquired 90 % of the share capital in Impact Data Solutions Ltd for a purchase consideration of MGBP 18.5 (MSEK 230.8). Finally, the group acquired 100 % of the share capital in KNET on December 1, for a fixed purchase consideration of MUS\$ 48 and contingent purchase consideration calculated at net present value of maximum MUS\$ 27.8 (in total MSEK 782.6).

The acquisition of Impact Data Solutions Ltd includes a put/call option to acquire the remaining 10 % until 2029. Both parties have the right to use the option and it is considered likely that the option will be used. The acquisition is therefore recognized at 100 % and no holdings without a controlling influence have been entered. The expected purchase price for the remaining 10 percent is recognised as a liability with any changes in value through profit or loss

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

### Preliminary Purchase price (MSEK)

Liquid assets	734.1
Contingent purchase consideration (not paid)	391.0
Equity instruments (88,429 shares)	9.9
Holdback purchase consideration (not paid)	10.5
Option to buy remaining 10 % of Impact Data Solutions Ltd (Not paid)	42.6
<b>Total purchase price</b>	<b>1,188.1</b>

### Recognised amounts for identifiable acquired assets and taken-over liabilities

Liquid assets	111.9
Tangible assets	61.8
Customer contracts and Customer relations	97.3
Trademark	37.4
Other intangible assets	6.8
Financial assets	10.5
Accounts receivable	185.1
Inventory	60.1
Other receivables	67.9
Financial liabilities	-38.2
Other payables	-251.5
<b>Total identifiable net assets</b>	<b>349.2</b>
<b>Non-controlling interests</b>	<b>-31.6</b>
<b>Goodwill</b>	<b>870.5</b>

Acquisition-related costs of MSEK -11.4 are included in other external costs in the consolidated statement of comprehensive income for the 2022 financial year. Total cash flow, excluding acquisition related costs, attributable to the business acquisitions amounted to MSEK 622. Goodwill is attributable to the added earning capacity the company is expected to bring.

Subject to the agreements of conditional purchase price, the Group will pay a maximum MSEK 79.1 for homeway GmbH based on gross profit in the period 2022 – 2025, 43.2 MSEK for Impact Data Solutions Ltd based on EBITDA for 2022 and maximum 390 MSEK for KNET based on EBITDA for 2023–2025.

The fair value of accounts receivable totals MSEK 185.1 No accounts receivable is deemed to be doubtful.

Net sales of MSEK 109.7 have been included in the consolidated income statement from the acquired companies since the acquisition dates during 2022. The acquired companies generated an EBITDA of MSEK 19.6 in the same period.

Had the acquired companies been consolidated from January 1, 2022 to December 31, 2022, the consolidated statement for full year would have shown increased net sales amounting to MSEK 908 and an EBITDA of MSEK 151.

## 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.

<b>Organic growth, MSEK, %</b>	<b>Q4 2022</b>	<b>Full year 2022</b>
Net sales 2022	1,795.4	6,574.0
Exchange-rate effects	-95.7	-254.7
Acquisition driven	-105.1	-990.0
Comparable net sales	1,594.6	5,329.3
Net sales 2021	1,169.5	3,491.6
<b>Net sales increase cleared of exchange-rate effects</b>	<b>530.2</b>	<b>2,827.7</b>
Net sales increase cleared of exchange-rate effects %	45%	81%
<b>Organic growth</b>	<b>425.1</b>	<b>1,837.7</b>
Organic growth %	36%	53%
<b>Annual growth, rolling 12 months, %</b>		<b>12 months</b>
Net sales January-December 2022		6,574.0
<i>Net sales rolling 12 months</i>		6,574.0
Net sales January-December 2021		3,491.6
<i>Net sales rolling 12 months</i>		3,491.6
		<b>88%</b>
<b>Quick asset ratio, %</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Current assets	3,264.0	2,256.3
Inventories	-1,596.1	-928.8
<i>Current assets - inventories</i>	1,667.9	1,327.5
Current liabilities	1,758.6	1,209.7
<b>Quick asset ratio</b>	<b>95%</b>	<b>110%</b>
<b>Core working capital, MSEK</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Inventories	1,596.1	928.8
Accounts receivable	1,018.2	597.3
Accounts payable	-787.7	-505.1
<b>Core working capital</b>	<b>1,826.5</b>	<b>1,021.0</b>

## Definition alternative key metrics

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### **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.

### **Net debt**

Interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents

### **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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Hexatronic Group AB (publ) enables non-stop connectivity for communities worldwide. We partner with customers across four continents – from telecom operators to network owners – offering leading-edge fiber technology and solutions for any and all conditions.

Hexatronic Group AB (publ) was founded in 1993 in Sweden and is listed on Nasdaq OMX Stockholm. Our global product brands include Viper, Stingray, Raptor, InOne, and Wistom®.

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